

I. MANAGEMENT ISSUES

A. Fiscal Agent's Oversight Responsibilities

Contract Terms and Conditions: All "boilerplate" language in the local fiscal agent's contract applies to all members of a partnership, including any subcontractors. The local fiscal agent is responsible for ensuring that all partners adhere to these provisions.

1. Administrative Costs include:

Costs of salaries, wages, and related costs of the grantee's staff engaged in--

- a. Overall system management, system coordination, and general administrative functions;
- b. Preparing program plans, budgets, and schedules, as well as applicable amendments;
- c. Monitoring of local initiatives, pilot projects, sub-recipients and related systems and processes;
- d. Procurement activities, including the award of specific sub-grants, contracts, and purchase orders;
- e. Developing systems and procedures under the Act;
- f. Preparing reports and other documents related to the Act;
- g. Coordinating the resolution of audit findings

Cost for goods and services for administration of the School-to-Work Opportunities system

Costs of system-wide management functions; and

Travel costs incurred for official business in carrying out grants management or administrative activities.

2. Chart of Accounts

a. LEA Revenue and Expenditure Account Codes for Education Edge

The Department of Education Division of Local Finance has issued the following codes for local education agencies corresponding to Education Edge:

Federal Revenue 47144

Education Edge Expenditures (71410)

71410 116	Teachers
71410 117	Career Ladder Program
71410 127	Career Ladder Extended Contracts
71410 162	Clerical Personnel
71410 163	Educational Assistants
71410 189	Other Salaries & Wages
71410 195	Substitute Teachers
71410 201	Social Security
71410 204	State Retirement
71410 206	Life Insurance

71410 207	Medical Insurance
71410 208	Dental Insurance
71410 210	Unemployment Compensation
71410 212	Employer Medicare
71410 299	Other Fringe Benefits
71410 311	Contracts with Other School Systems
71410 336	Maintenance & Repair Services - Equipment
71410 356	Tuition
71410 399	Other Contracted Services
71410 429	Instructional Supplies and Materials
71410 449	Textbooks
71410 499	Other Supplies and Materials
71410 599	Other Charges
71410 790	Other Equipment

b. Classification of Cost

There is no universal rule for classifying certain cost as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost. Guidelines for determining direct and indirect cost charged to Federal awards are provided in OMB Circular No. A-87, Cost Principles for State, Local and Indian Tribal Governments.

c. Partnering Incentives

A financial incentive is provided for those counties who voluntarily enter into meaningful multi-county partnerships. Small counties with limited business and economic bases get a fair chance to produce positive educational upgrades while connecting businesses for shadowing, mentoring, apprenticeships and other workplace learning experiences. When a county elects to participate in a multi-county partnership, base dollars plus incentive dollars are made available. The cooperative management of the multi-county partnership has the responsibility of deciding how the pool funds are expended for the mutual benefit of the entire partnership.

B. Definitions

- **Administrative Cost** - All direct and indirect costs, including those of partnerships and their contractors, necessary for the proper and efficient fiscal and programmatic management of the program. These costs are not directly related to the provisions of services to students but are necessary for effective delivery of direct student benefits and services. Administrative cost may be either personnel or non personnel costs, and may be direct or indirect.
- **Closeout** -The process by which it is determined that all applicable administrative actions and all required work elements have been completed. A partnership/sub-contractor is required to close out within forty-five (45)

days from the date of expiration or termination of a phase within the contract or termination of the contract.

- **Cost-** Cost means an accrued expenditure.
- **Cost Reimbursement Contract-** A contract or sub-contract that is paid on the basis of the cost it incurs against the approved budget.
- **Cumulative cost-** An amount of the total cost that has been accumulated over a specified period of time.
- **Disallowed cost-** Those charges to a grant or agreement that are determined to be unallowable, in accordance with the applicable federal cost principles and the condition of the grant agreement.
- **Debarred-**Debarred means ineligible to conduct business with any federal department or agency.
- **Equipment-** Non-expendable, personal property having a useful life of more than one year and an acquisition cost which equals the lesser of (a) the capitalization level established by the governmental unit for financial statement purposes, or (b) \$5000 or more per unit.
- **Expenditure-** The disbursement of funds for any goods or services received.
- **Financial and compliance audit-** An audit which determines (a) whether the financial statements of an audited entity present fairly the financial operations in accordance with generally accepted accounting principles, and (b) whether the entity has complied with the laws and regulations that have material effect upon the financial statements
- **Financial monitoring-** The process by which data are collected for the purpose of determining whether financial management requirements and cost category limitations of the subgrant agreement are being met.
- **In-kind contribution-** Contributions from public or private sources provided by the recipient or other parties as all or part of the recipient's match share of a grant or project.
- **Line-item budget-**A budget which includes detailed information on the planned use of expenditures for individual items within a budget
- **Match-**That portion of project cost that is contributed with non-federal funds. These contributions must directly benefit the program. Match can only exist when it is documented and is subject to being audited.
- **Materials and supplies-**The cost of materials and supplies is allowable. Purchases should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing, consistently applied. Incoming transportation charges are a proper part of materials and supply cost.
- **Modification-**Any written alteration of the approved agreement to show changes in the amount, terms/conditions. Budget, project period, scope of project or other administrative, technical or financial provisions.
- **OMB-**Office of Management and Budget within the Executive Office of the President

- **Procurement**-The process of obtaining goods or services by using standard set of bid procedures. Procurement under grants shall be made by one of the following methods: (a) small purchase procedures; (b) competitive sealed bids (formal advertising); (c) competitive negotiation; (d) noncompetitive negotiations; (d) noncompetitive negotiation. (See OMB Circular A-102)
- **Professional Services**-Legal, audit, consultant or miscellaneous services provided by individuals or organizations that are not a part of the recipient agency.
- **Record Retention**-The maintenance of all records pertinent to all grants and agreements, including financial, statistical, property, supporting documentation for a period of **five (5) years** from the date of obligation of funds or until all audits are resolved.
- **Reimbursement**-Payment made to a partnership, contractor, subcontractor or vendor upon request for reimbursement for payments made by the partnership, contractor or vendor for costs incurred under the contract.
- **Stand-in Costs**-Any costs paid from non-federal sources which a partnership proposes to substitute for federal costs which have been disallowed as a result of an audit or other review.